FOR SUMMARY JUDGMENT

CASE NO.: 2:17-cv-05075-AB (JPR)

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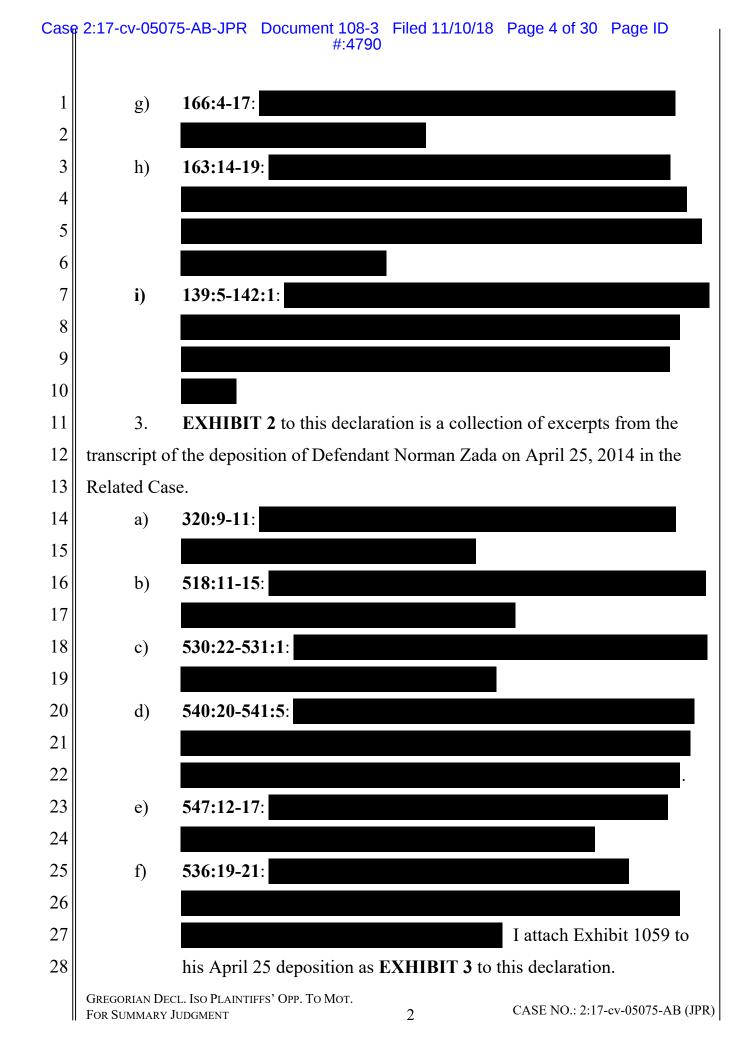
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- 1. I am an associate at Fenwick & West, LLP, counsel for Plaintiffs
  Giganews, Inc. and Livewire Services, Inc. I submit this declaration in support of
  Plaintiffs' Opposition to Defendants' Motion for Summary Judgment or, in the
  Alternative, Partial Summary Judgment. I have personal knowledge of the facts in
  this declaration.
- 2. **EXHIBIT 1** to this declaration is a collection of excerpts from the transcript of the deposition of Defendant Norman Zada on April 24, 2014 in *Perfect 10, Inc. v. Giganews, Inc.*, C.D. Cal. No CV 11-7098 ("Related Case").

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11	a)	10:19–20:12:
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15	b)	39:18-40:11:
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17	c)	159:7-160:12:
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22	d)	161:4-162:5:
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25	e)	165:10-11:
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$_{27}\ $	f)	165:12-166:1:



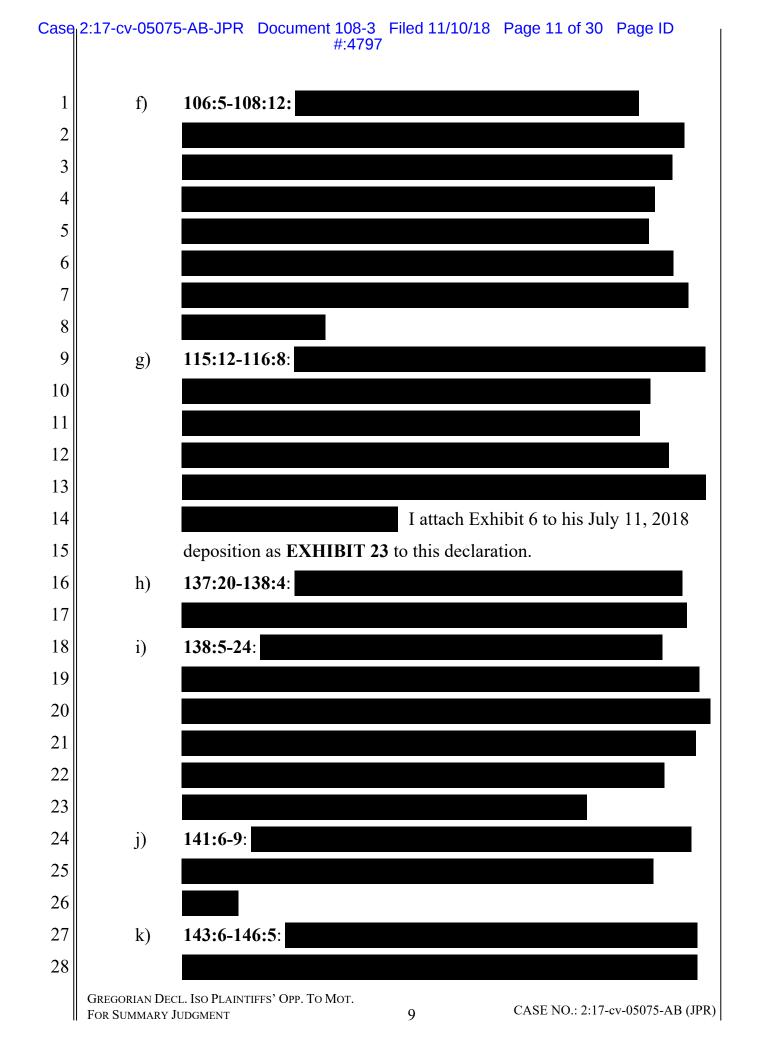
Case	2:17-cv-0507	75-AB-JPR Document 108-3 Filed 11/10/18 Page 5 of 30 Page ID #:4791
1	g)	536:11-13:
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3		I attach Exhibit 1058 to
4		his April 25 deposition as <b>EXHIBIT 4</b> to this declaration.
5	h)	536:3-5:
6		
7		I attach Exhibit 1057 to his April 25
8		deposition as <b>EXHIBIT 5</b> to this declaration.
9	i)	535:20-22:
10		
11		I attach Exhibit 1056 to
12		his April 25 deposition as <b>EXHIBIT 6</b> to this declaration.
13	j)	535:12-14:
14		
15		I attach Exhibit 1055 to
16		his April 25 deposition as <b>EXHIBIT 7</b> to this declaration.
17	k)	534:21-23:
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19		I attach Exhibit 1053 to
20		his April 25 deposition as <b>EXHIBIT 8</b> to this declaration.
21	1)	534:12-15:
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23		I attach Exhibit 1052 to his April 25
24		deposition as <b>EXHIBIT 9</b> to this declaration.
25	m)	533:25-534:4:
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27		I attach Exhibit 1049 to
28	G	his April 25 deposition as <b>EXHIBIT 10</b> to this declaration.
	GREGORIAN DEG FOR SUMMARY	CL. ISO PLAINTIFFS' OPP. TO MOT.  JUDGMENT  3 CASE NO.: 2:17-cv-05075-AB (JPR)

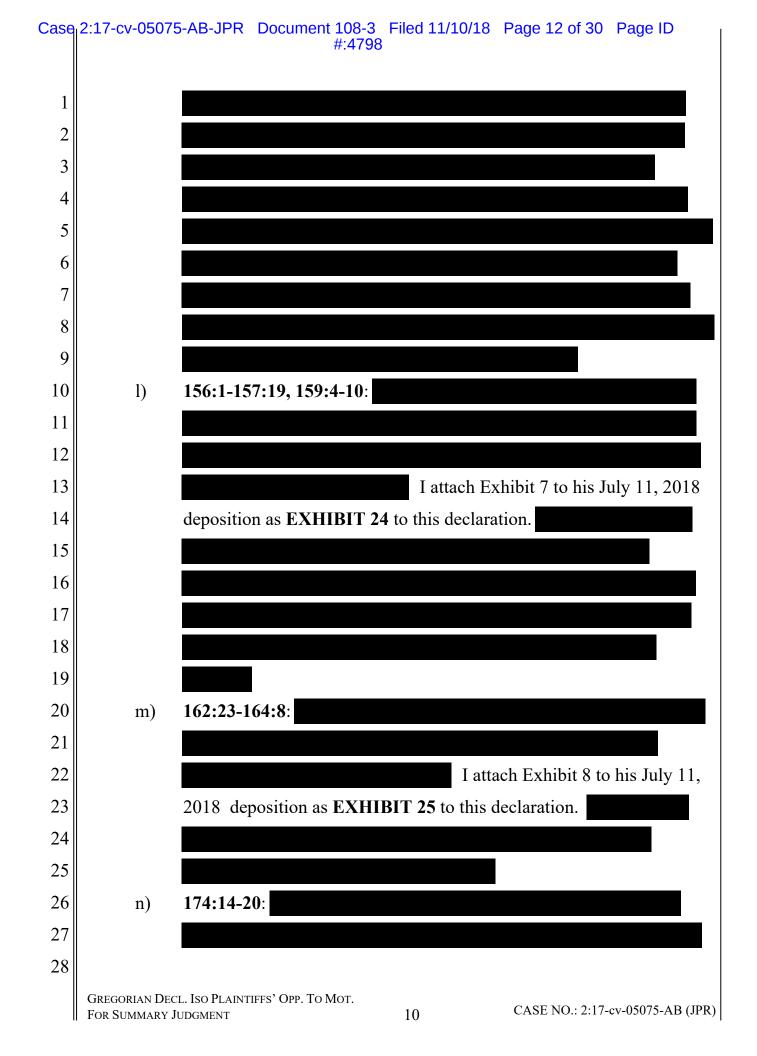
- 6. **EXHIBIT 14** to this declaration is a collection of excerpts from the Judgment Debtor Examination transcript of Defendant Norman Zada on January 28, 2016 in the Related Case.
  - 55:18-59:16: Zada admitted that, as of the debtor examination, Perfect 10 had an ongoing lawsuit against AOL Germany that Zada had been funding. He did not "know if Perfect 10 sent that money or if I sent it or if I first gave it to Perfect 10, and then they sent."
  - b) **74:23-25**: Zada admitted that, in 2014, Perfect 10 did not create any new copyrighted images of its own.
  - 87:22-93:11: Zada admitted that, in March 2015, he purchased back issues from Perfect 10 and was thereafter "basically providing the magazines to Perfect 10" for Perfect 10 to sell them. He also purchased Perfect 10's remaining physical assets at that time. The only records documenting these purchases are Perfect 10's corporate minutes, and the records of the wire transfers in the Bank of America account.
  - d) 109:15-110:4: The physical assets that Zada purchased in March 2015 include servers and external drives on which Perfect 10 had stored alleged infringements that it found on the Internet.
  - e) 110:5-111:4: Zada testified that business rationale for transferring physical assets from Perfect 10 to himself was to prevent those assets from seizure, as "[i]t would have been totally disruptive to have those seized."

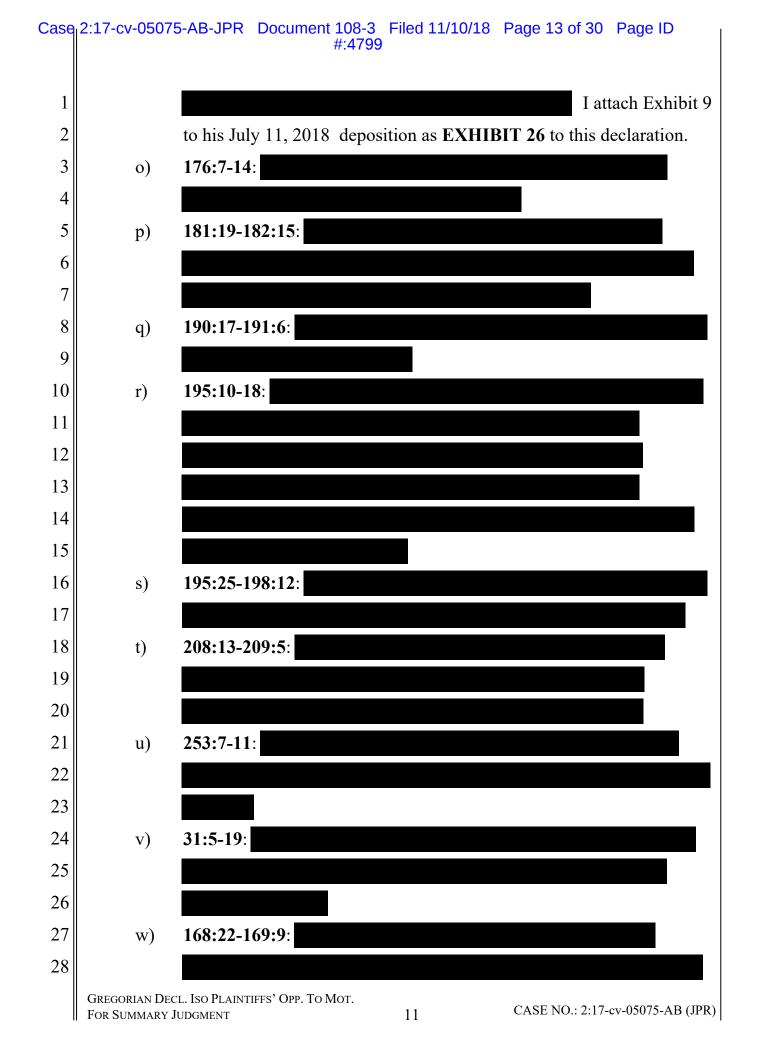
- f) 127:14-129:14: Zada testified that he did not recall having any written employment contract with Perfect 10. Perfect 10 owned the house that Zada previously lived in on Beverly Park; when it sold the house in or around 2010, Perfect 10 paid the net proceeds to Zada.
- g) 150:8-151:12: Zada admitted that, on November 20, 2014, Perfect 10 made a money transfer of \$850,000 to Zada's personal bank account, because "after the summary judgment orders were issued, I did not see any point in keeping more cash than we needed in the account."
- h) **24:5-13:** Mr. Zada identified Exhibit 3 to his January 28 examination, bearing Bates Nos. P-FIN009682-9715, as Perfect 10's 2014 Financials. I attach Exhibit 3 to his January 28 examination as **EXHIBIT 15** to this declaration.
- i) **150:8-14**: Mr. Zada identified Exhibit 4 to his January 28 examination, bearing Bates Nos. P-FIN009597-9602 and dated November 2014, as a Bank of America statement from Perfect 10's records. It is attached here as **EXHIBIT 16**. A more comprehensive exhibit of Perfect 10's bank statements from November 2014 to November 2015 for the account ending in 4952, which Perfect 10 produced bearing Bates Nos P-FIN009555-9676, appears as I attach Exhibit 4 to his January 28 examination as **EXHIBIT 71** to this declaration.
- j) 155:21-156:1: Mr. Zada identified Exhibit 6 to his January 28 examination, bearing Bates Nos. P-FIN009623-9628 and dated March 2015, as a Bank of America statement from Perfect 10's records. It is attached here as **EXHIBIT 17**. I have attached a more comprehensive exhibit of Perfect 10's bank statements from November 2014 to November 2015 for the account ending in 4952, which Perfect 10 produced bearing Bates Nos P-FIN009555-9676, as **EXHIBIT 71** to this declaration.

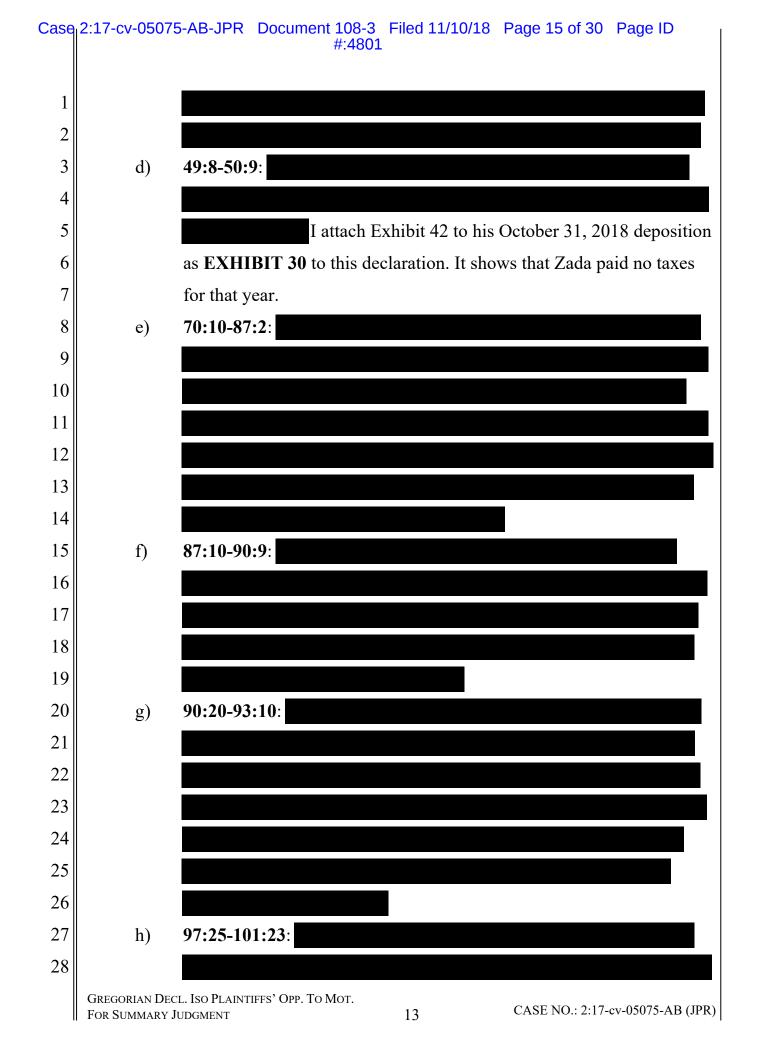
- k) 156:23-157:1: Mr. Zada identified Exhibit 7 to his January 28 examination, bearing Bates Nos. P-FIN009633- 964 and dated May 2015, as a Bank of America statement from Perfect 10's records. It is attached here as **EXHIBIT 18**. I have attached a more comprehensive exhibit of Perfect 10's bank statements from November 2014 to November 2015 for the account ending in 4952, which P10 produced bearing Bates Nos P-FIN009555-9676, as **EXHIBIT 71** to this declaration.
- 1) 158:18-21: Mr. Zada identified Exhibit 8 to his January 28 examination, bearing Bates Nos. P-FIN009659- 9664 and dated September 2015, as a Bank of America statement from Perfect 10's records. It is attached here as **EXHIBIT 19**. I have attached a more comprehensive exhibit of Perfect 10's bank statements from November 2014 to November 2015 for the account ending in 4952, which P10 produced bearing Bates Nos P-FIN009555-9676, as **EXHIBIT 71** to this declaration.
- m) 173:12-16: Mr. Zada identified Exhibit 14 to his January 28 examination, bearing Bates Nos. P-FIN009852–9864, as a tax return papers for Perfect 10 for tax year 2014. I attach Exhibit 14 to his January 28 examination as **EXHIBIT 20** to this declaration.
- n) 113:7-14: Zada admitted that he withdrew money that Perfect 10 obtained in settlements "as payment" for his investments in the business.
- o) 156:2-157:23: Zada testified that he made a money transfer from himself to Perfect 10 on March 26, 2015 in the amount of \$454,002.05 because his attorney, "Eric Benink was concerned that" the pending sanctions motion against Perfect 10, it affiliates, and counsel "would have caused damage to his business." Zada continued that Benink

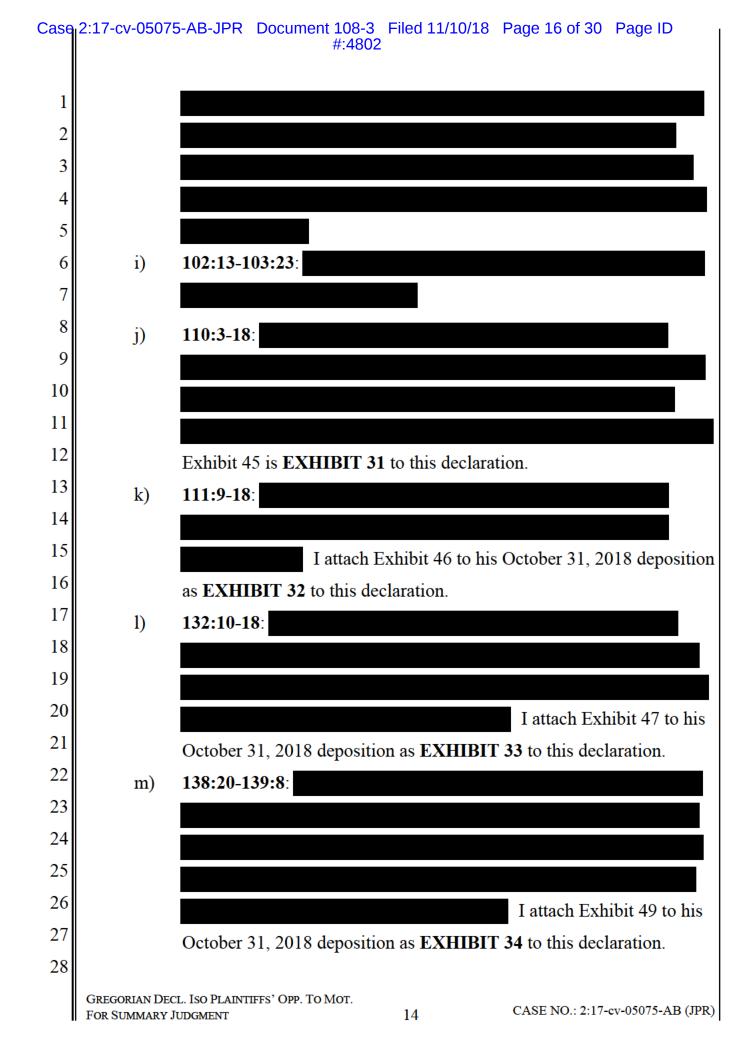
FOR SUMMARY JUDGMENT

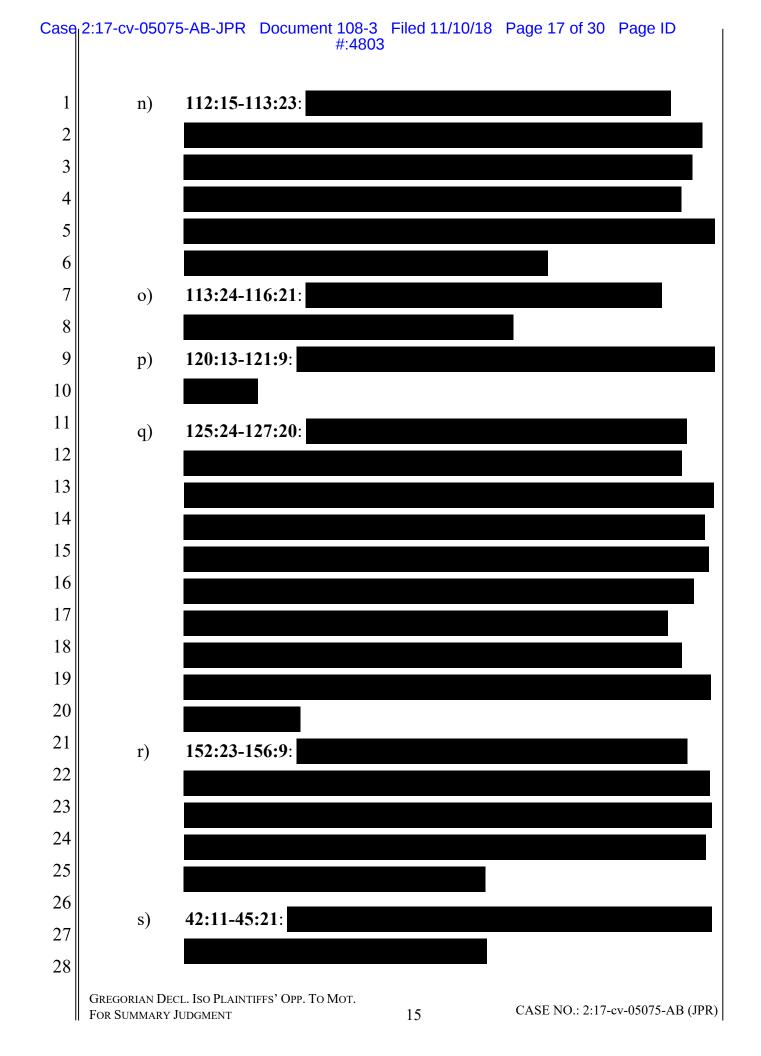




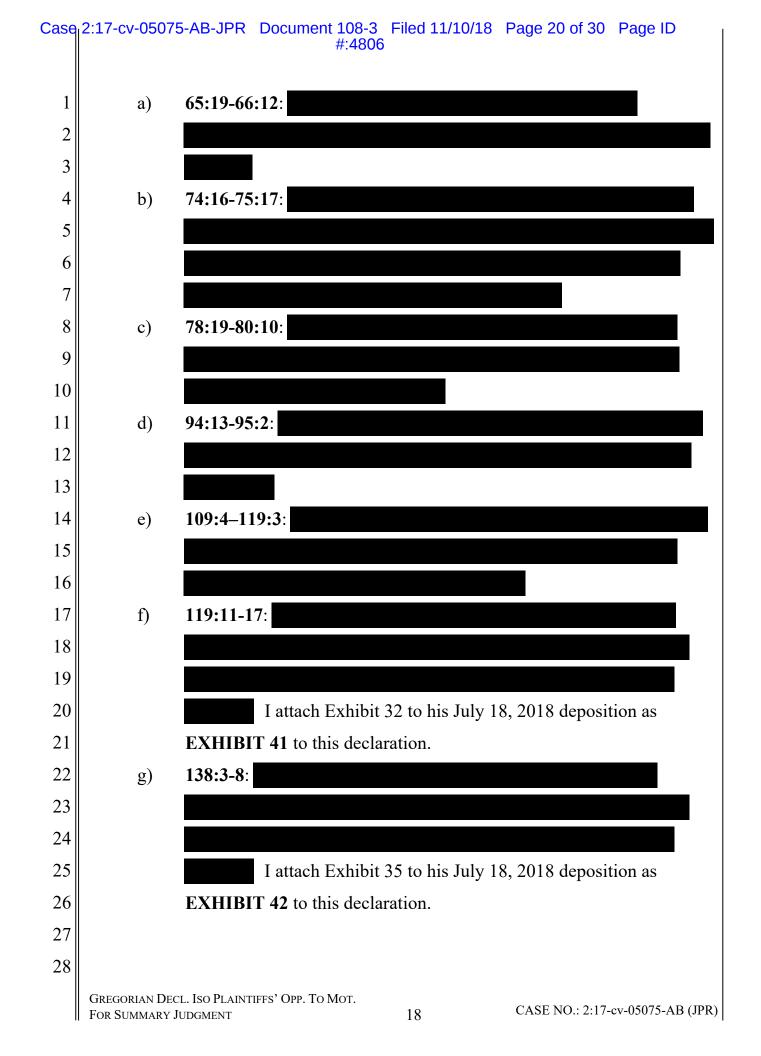








FOR SUMMARY JUDGMENT



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Third Amended Response to Plaintiff Giganews's Second Set of Interrogatories, dated September 24, 2018.

**EXHIBIT 43** to this declaration is Defendant Dr. Norman Zada's

- 13. **EXHIBIT 44** to this declaration is Defendant Perfect 10's Third Amended Response to Plaintiff Giganews's Second Set of Interrogatories, dated September 24, 2018.
- 14. **EXHIBIT 45** to this declaration is Perfect 10 1996 Form 1120-S, which was produced by Defendants in the Related Case bearing Bates Nos. P-FIN003244-3252.
- 15. **EXHIBIT 46** to this declaration is Perfect 10 1997 Form 1120-S, which was produced by Defendants in the Related Case bearing Bates Nos. P-FIN003266-3276.
- **EXHIBIT 47** to this declaration is Perfect 10 1998 Form 1120-S, 16. which was produced by Defendants in the Related Case bearing Bates Nos. P-FIN003295-3306.
- **EXHIBIT 48** to this declaration is Perfect 10 1999 Form 1120-S, 17. which was produced by Defendants in the Related Case bearing Bates Nos. P-FIN003324-3335.
- 18. **EXHIBIT 49** to this declaration is Perfect 10 2000 Form 1120-S, which was produced by Defendants in the Related Case bearing Bates Nos. P-FIN003352-3363.
- **EXHIBIT 50** to this declaration is Perfect 10 2001 Form 1120-S, 19. which was produced by Defendants in the Related Case bearing Bates Nos. P-FIN003381-3394.
- 20. **EXHIBIT 51** to this declaration is Perfect 10 2002 Form 1120-S, which was produced by Defendants in the Related Case bearing Bates Nos. P-FIN003415-3431.

- 21. **EXHIBIT 52** to this declaration is Perfect 10 2003 Form 1120-S, which was produced by Defendants in the Related Case bearing Bates Nos. P-FIN003452–3466.
- 22. **EXHIBIT 53** to this declaration is Perfect 10 2004 Form 1120-S, which was produced by Defendants in the Related Case bearing Bates Nos. P-FIN003488–3501.
- 23. **EXHIBIT 54** to this declaration is Perfect 10 2005 Form 1120-S, which was produced by Defendants in the Related Case bearing Bates Nos. P-FIN003524–3537.
- 24. **EXHIBIT 55** to this declaration is Perfect 10 2006 Form 1120-S, which was produced by Defendants in the Related Case bearing Bates Nos. P-FIN003561–3579.
- 25. **EXHIBIT 56** to this declaration is Perfect 10 2007 Form 1120-S, which was produced by Defendants in the Related Case bearing Bates Nos. P-FIN003603 3623.
- 26. **EXHIBIT 57** to this declaration is Perfect 10 2008 Form 1120-S, which was produced by Defendants in the Related Case bearing Bates Nos. P-FIN003647–3668.
- 27. **EXHIBIT 58** to this declaration is Perfect 10 2009 Form 1120-S, which was produced by Defendants in the Related Case bearing Bates Nos. P-FIN003692–3713.
- 28. **EXHIBIT 59** to this declaration is Perfect 10 2010 Form 1120-S, which was produced by Defendants in the Related Case bearing Bates Nos. P-FIN003715–3749.

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- 29. **EXHIBIT 60** to this declaration is Perfect 10 2011 Form 1120-S, which was produced by Defendants in the Related Case bearing Bates Nos. P-FIN003751-3761.
- 30. **EXHIBIT 61** to this declaration is Perfect 10 2012 Form 1120-S, which was produced by Defendants in the Related Case bearing Bates Nos. P-FIN009779-3793.
- 31. **EXHIBIT 62** to this declaration is Perfect 10 2013 Form 1120-S, which was produced by Defendants in the Related Case bearing Bates Nos. P-FIN009818-9829.
- **EXHIBIT 63** to this declaration is Perfect 10's Statement of Income 32. Inception to 12/31/96, which was produced by Defendants in the Related Case bearing Bates No. P-FIN000709.
- **EXHIBIT 64** to this declaration is Perfect 10's Financial Report, dated 33. December 31, 1997, which was produced by Defendants in the Related Case bearing Bates Nos. P-FIN000739-0747.
- **EXHIBIT 65** to this declaration is Perfect 10's General Ledger Listing as of December 31, 1999, which was produced by Defendants in the Related Case bearing Bates Nos. P-FIN000999-1003.
- **EXHIBIT 66** to this declaration is Perfect 10's Financial Report, dated 35. March 31, 2001, which was produced by Defendants in the Related Case bearing Bates Nos. P-FIN001057-1075.
- 36. **EXHIBIT 67** to this declaration is Perfect 10's Financial Report, dated December 31, 2001, which was produced by Defendants in the Related Case bearing Bates Nos. P-FIN001159-1240.
- 37. **EXHIBIT 68** to this declaration is Perfect 10's Financial Report, dated December 31, 2002, which was produced by Defendants in the Related Case bearing Bates Nos. P-FIN001295-1307.

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- July 31, 2007, which was produced by Defendants in the Related Case bearing Bates Nos. P-FIN002592-2615.

  39. **EXHIBIT 70** to this declaration is Perfect 10's Bank of America statement for the 4952 account for December 2013, which was produced by
- Defendants in the Related Case bearing Bates Nos. P-FIN003920–3923.

  40. **EXHIBIT 71** to this declaration is Perfect 10's Bank of America statement for the 4952 account for April 2014 through November 2015, which was produced by Defendants in the Related Case bearing Bates Nos. P-FIN009555-9676.

**EXHIBIT 69** to this declaration is Perfect 10's Financial Report, dated

- 41. **EXHIBIT 72** to this declaration is the hearing transcript regarding Plaintiffs' Motion to Compel Production of Documents and for Protective Order, dated July 19, 2018.
- 42. **EXHIBIT 73** to this declaration is the civil docket sheet in the Related Case, as of November 7, 2018.
- 43. Mr. Zada identified Exhibit 55 to his October 31, 2018 deposition at **150:15-151:6**, as an email from Mr. Zada to M. Poblete re Please pay Eric tomorrow if possible, dated March 11, 2015 and produced by Defendants in this case. I have attached Exhibit 55 to his October 31, 2018 deposition as **EXHIBIT 74** to this declaration.
- 44. **EXHIBIT 75** to this declaration is an email from B. Hersh to M. Poblete re Sales, dated May 14, 2015 and produced by Defendants in this case.
- 45. **EXHIBIT 76** to this declaration is an email from S. Ellenburg of Fenwick & West to counsel for Perfect 10, dated email July 13, 2015, forwarding a Notice of Judgment Lien sent to the Secretary of State.
- 46. Mr. Zada identified Exhibit 53 to his October 31, 2018 deposition at **144:22-145:1**, as an email from M. Poblete to N. Zada re Email to Bruce, dated

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27 28 November 9, 2012. I have attached Exhibit 53 to his October 31, 2018 deposition as **EXHIBIT** 77 to this declaration.

- 47. **EXHIBIT 78** to this declaration is an email string between T. Gregorian and T. Brown re Perfect 10, starting on December 1, 2015.
- 48. **EXHIBIT 79** to this declaration is an email from M. Poblete to B. Hersh, dated June 14, 2016 originally attaching a spreadsheet titled "2015 Sales -Orders from Shopify.xlsx," which was produced by Defendants in this case bearing Bates No. MPOB 033.
- 49. **EXHIBIT 80** to this declaration is Perfect 10's General Ledger as of December 31, 2014, dated February 13, 2015, which was produced by Defendants in the Related Case case bearing Bates No. P-FIN009696.
- 50. **EXHIBIT 81** to this declaration is an excerpt from Perfect 10's 2014 U.S. Income Tax Return, which was produced by Defendants in the Related Case bearing Bates Nos. P-FIN009856.
- **EXHIBIT 82** to this declaration is an excerpt from Perfect 10's 2014 51. U.S. Income Tax Return, which was produced by Defendants in the Related Case bearing Bates Nos. P-FIN009879.
- 52. **EXHIBIT 83** to this declaration is an excerpt from Perfect 10's American Express statement for account ending 2-34005 for February 2014, which was produced by Defendants in this case bearing Bates No. PN-AMEX-0012.
- **EXHIBIT 84** to this declaration is an excerpt from Perfect 10's 53. American Express statement for account ending 2-34005 for February 2014, which was produced by Defendants in this case bearing Bates No. PN-AMEX-0013.
- 54. **EXHIBIT 85** to this declaration is an excerpt from Perfect 10's American Express statement for account ending 2-34005 for February 2014, which was produced by Defendants in this case bearing Bates No. PN-AMEX-0014.

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- 55. **EXHIBIT 86** to this declaration is an excerpt from Perfect 10's American Express statement for account ending 2-34005 for February 2014, which was produced by Defendants in this case bearing Bates No. PN-AMEX-0015.
- 56. **EXHIBIT 87** to this declaration is an excerpt from Perfect 10's American Express statement for account ending 2-35002 for April 2014, which was produced by Defendants in this case bearing Bates No. PN-AMEX-0041.
- 57. **EXHIBIT 88** to this declaration is an excerpt from Perfect 10's American Express statement for account ending 2-35002 for June 2014, which was produced by Defendants in this case bearing Bates No. PN-AMEX-0072.
- 58. **EXHIBIT 89** to this declaration is an excerpt from Perfect 10's American Express statement for account ending 2-35002 for November 2014, which was produced by Defendants in this case bearing Bates No. PN-AMEX-0141.
- 59. **EXHIBIT 90** to this declaration is an automobile Certificate of Title for a 2009 Lexus registered to N. Zada, dated April 10, 2012, which was produced by Defendants in this case bearing Bates No. PN-LEXUS-0001.
- 60. **EXHIBIT 91** to this declaration is N. Zada's Wells Fargo statement for account 0814029005 for April 2012, which was produced by Defendants in this case bearing Bates Nos. PN-LEXUS-PUR-0001-0005.
- 61. Mr. Zada identified Exhibit 9 to his July 11 deposition at **174:14-20**, bearing Bates Nos. PN-LOAN-0001-184, as documents responsive to Plaintiffs' request for documents regarding the loan. I attach an excerpt of Exhibit 9 to his July 11, 2018 deposition, bearing Bates No. PN-LOAN-0060, as **EXHIBIT 92** to this declaration.
- 62. Mr. Zada identified Exhibit 9 to his July 11 deposition at **174:14-20**, bearing Bates Nos. PN-LOAN-0001-184, as documents responsive to Plaintiffs' request for documents regarding the loan. I attach an excerpt of Exhibit 9 to his

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July 11, 2018 deposition, bearing Bates No. PN-LOAN-0062, as **EXHIBIT 93** to this declaration.

- 63. Mr. Zada identified Exhibit 9 to his July 11 deposition at **174:14-20**, bearing Bates Nos. PN-LOAN-0001-184, as documents responsive to Plaintiffs' request for documents regarding the loan. I attach an excerpt of Exhibit 9 to his July 11, 2018 deposition, bearing Bates No. PN-LOAN-0063, as **EXHIBIT 94** to this declaration.
- 64. Mr. Zada identified Exhibit 9 to his July 11 deposition at **174:14-20**, bearing Bates Nos. PN-LOAN-0001-184, as documents responsive to Plaintiffs' request for documents regarding the loan. I attach an excerpt of Exhibit 9 to his July 11, 2018 deposition, bearing Bates No. PN-LOAN-0065-66, as **EXHIBIT 95** to this declaration.
- 65. **EXHIBIT 96** to this declaration is an email string from Mr. Zada to M. Poblete forwarding a Veritext transcript, dated July 1, 2014, which was produced by Defendants in this case bearing Bates Nos. PN-MISC-0026-27.
- **EXHIBIT 97** to this declaration is an email string from M. Poblete to Zada re We are going to need to order my veritex debtor's deposition transcript, dated April 13, 2016, which was produced by Defendants in this case bearing Bates No. PN-MISC-0035.
- 67. **EXHIBIT 98** to this declaration is an email string between N. Zada, L. Snyder, and D. Pasternak re Perfect 10 v. Giganews, starting on March 1, 2017, which was produced by Defendants in this case bearing Bates Nos. PN-MISC-0384-0385.
- 68. **EXHIBIT 99** to this declaration is an email from N. Zada to D. Pasternak re AOL, dated July 14, 2017, which was produced by Defendants in this case bearing Bates Nos. PN-MISC-0572-573.

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- 69. **EXHIBIT 100** to this declaration is an email between D. Pasternak, N. Zada, and J. Diefenbach re AOL, dated August 1, 2018, which was produced by Defendants in this case bearing Bates Nos. PN-MISC-0577-579.
- **EXHIBIT 101** to this declaration is an email from N. Zada to the 70. agent of Marisa Miller re Protecting the photos of Marisa Miller, dated July 16, 2015, which was produced by Defendants in this case bearing Bates No. PN-MISC-0692.
- 71. **EXHIBIT 102** to this declaration is an email from M. Poblete to B. Hersh re Perfect 10 v. Norm Zada, dated July 16, 2015, which was produced by Defendants in this case bearing Bates No. PN-MISC-0693. Poblete discussed this letter as Exhibit 26 to her July 17, 2018 deposition, at **182:5-184:22**.
- 72. **EXHIBIT 103** to this declaration are excerpts from an email string between J. Diefenbach, D. Pasternak, N. Zada, and L. Snyder re AOL, starting on December 18, 2017, which was produced by Defendants in this case bearing Bates Nos. PN-MISC-0813-0823.
- 73. **EXHIBIT 104** to this declaration is an email string from D. Pasternak to R. Diefenbach and Zada re AOL, dated August 1, 2018, which was produced by Defendants in this case bearing Bates Nos. PN-MISC-0861-862.
- **EXHIBIT 105** to this declaration is an email from D. Pasternak to 74. Zada and M. Mickelson re Giganews's false representations to the Court, which was produced by Defendants in this case dated July 17, 2017, bearing Bates Nos. PN-MISC-0873-874.
- 75. **EXHIBIT 106** to this declaration is an email string from D. Pasternak to Norman Zedah re Perfect 10 v. Giganews, dated March 3, 2017, which was produced by Defendants in this case bearing Bates Nos. PN-MISC-0910.
- 76. **EXHIBIT 107** to this declaration is an email string from D. Pasternak to Zada re purchase of Perfect 10, dated September 28, 2017, which was produced by Defendants in this case bearing Bates Nos. PN-MISC-0930-0937.

- 77. **EXHIBIT 108** to this declaration is an email from N. Zada to S. Graham re Magistrate Hillman's Order, dated February 10, 2015, which was produced by Defendants in this case bearing Bates Nos. PN-MISC2-0001-0002.
- 78. **EXHIBIT 109** to this declaration is a page from the UBS Resource management account statement for April 2015, which was produced by Defendants in this case bearing bates No. PN-RET-UBS-183.
- 79. **EXHIBIT 110** to this declaration is an email string between N. Zada, B. Hersh, and M. Poblete re quickbooks, dated July 20, 2018, which was produced by Defendants in this case bearing Bates No. PN-SUPPORT-0009.
- 80. **EXHIBIT 111** to this declaration is the hearing transcript regarding Defendants' Ex Parte Application, dated September 27, 2018.
- 81. **EXHIBIT 112** to this declaration is "Fiduciary Duties of Directors of a Corporation in the Vicinity of Insolvency and After Initiation of a Bankruptcy Case," by M. Sheinfeld and J. Pippitt, dated November 2004.
- 82. **EXHIBIT 113** to this declaration is the amended 2017 U.S. Income Tax Return for Perfect 10, Inc., which was produced by Defendants in this case bearing Bates Nos. PN-P10TAX2017-0001-0006.
- 83. **EXHIBIT 114** to this declaration is Perfect 10 1996 California S Corporation Franchise or Income Tax Return, which was produced by Defendants in the Related Case bearing Bates Nos. P-FIN003253–3265.
- 84. **EXHIBIT 115** to this declaration is an email string from A. Bridges to counsel for Defendants re Confidential Proposal to Satisfy Judgment, dated April 4, 2015.
- 85. **EXHIBIT 116** to this declaration is Perfect 10's Bank of America statement for the 4952 account for January 2014, which was produced by Defendants in the Related Case bearing Bates Nos. P-FIN003924-3928.